

3. On November 16, 2022, a complaint was received by the Commission from an Alabama resident regarding an investment made with an online crypto currency trading platform named **CRYPTDBS**. The victim was first contacted on a social media messaging platform by someone

alleging to be an analyst by the name of Bauer Paul. After engaging in small talk, Paul began advising the Alabama resident on how to make higher gains on their crypto currency investments by trading on **WWW.CRYPTDBS.NET**.

4. At Paul's advice, the Alabama resident set up what they believed to be a crypto currency trading account at **WWW.CRYPTDBS.NET**. The Alabama resident sent crypto currency to their newly created **CRYPTDBS** account on ten separate occasions beginning on April 24, 2022 and ending on June 4, 2022. The Alabama resident sent crypto currency in the form of Ether, USD Coin, and Tether to the following wallet addresses at **CRYPTDBS**:

- ETH: 0xe5368d5eefE7A364895a6d6c3270Bae6F63d415c
- USDC: 0xe5368d5eefE7A364895a6d6c3270Bae6F63d415c
- USDT: 0xe5368d5eefE7A364895a6d6c3270Bae6F63d415c
- USDT: 0xecFB1aA027D00A7DF16F3A9a39509fEaD888a7b1
- USDT: 0xC73Af9B884ADF305AA3776f06D094Cb403cEa239

5. The Alabama resident became suspicious of a scam when the websites became inoperable. Paul would state there were network problems and would always send a new link to allow access to the **CRYPTDBS** trading platform. However, after a short time, the new link would become inoperable as well. Paul sent the Alabama resident the following links to access **CRYPTDBS**:

- <https://www.cryptdb.com>
- <https://www.cryptdb.net>
- <https://www.cryptdb.com/h5>
- <https://www.cryptdb.net/agent>
- <https://www.encryptiondb.com/h5>
- <https://m.upload.kencoin.info>

6. In exchange for Paul's advice on trading with **CRYPTDBS**, the Alabama resident was under the impression that they must pay Paul a commission before withdrawing their funds. After engaging in conversation with Paul about the commission rate, the Alabama resident sent Paul a commission payment to the USDT address provided by Paul. According to Paul, the Alabama

resident would receive their principal and gains after paying the commission. The Alabama resident never received their principal or gains.

7. On December 21, 2022, a review of the registration files of the Alabama Securities Commission revealed no registration for the **RESPONDENTS** in any capacity.

CONCLUSIONS OF LAW

8. Pursuant to section 8-6-2(10), Code of Alabama, 1975, the definition of a security includes investment contracts and profit-sharing agreements. The investment plans outlined by **RESPONDENTS** require the investment of money in the investment program managed by **RESPONDENTS** from which the investor expected profits to be derived from the efforts of **RESPONDENTS** and therefore, are securities as defined by the Act.

9. Pursuant to section 8-6-2(18), Code of Alabama, 1975, an Investment Adviser is any person who, for compensation, advises others, either directly or indirectly, as to the value of, or the advisability of investing in securities. The definition includes those who manage portfolios or the accounts of other investors. **RESPONDENTS** represented that they managed and traded the account of the investor and therefore, are Investment Advisers as defined in the Act.

10. Pursuant to section 8-6-3(a), Code of Alabama, 1975, it is unlawful for any person to transact business in this State as a dealer or agent for securities unless such person is registered under the Act. It is unlawful for any dealer or issuer to employ an agent unless the agent is registered. **RESPONDENTS** employed agents who affected securities transactions for at least one Alabama resident and were not registered as securities dealers or agents in the state of Alabama in violation of the Act.

11. Pursuant to section 8-6-4, Code of Alabama, 1975, it is unlawful for any person to offer or sell any security in this state unless: (1) it is registered under the Act; (2) the security is exempt from registration under Section 8-6-10; or (3) the transaction is exempt under Section 8-6-11.

RESPONDENTS sold a security as defined under 8-6-2(10), Code of Alabama 1975, while that security was neither exempt nor registered with the state, in violation of the Act.

12. Pursuant to section 8-6-17(b)(2), Code of Alabama, 1975, it is unlawful for any person who receives, directly or indirectly, any consideration from another person for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise to employ any device, scheme, or artifice to defraud the other person. **RESPONDENTS** promised excessive returns to investors, reported fictitious account values, and imposed undisclosed fees in violation of the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for a hearing, or default of the **RESPONDENTS**, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENTS**, an additional administrative assessment for investigative costs arising from the investigation of the violations described herein against **RESPONDENTS**, and a permanent order to bar **RESPONDENTS** from participation in any securities-related industry in the State of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **RESPONDENTS CEASE AND DESIST** from further offers or sales of any security into, within or from the State of Alabama.

Entered at Montgomery, Alabama, this 26th day of January, 2023.



ALABAMA SECURITIES COMMISSION
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BY:

A handwritten signature in blue ink, appearing to read "Edwin L. Reed", is written over a horizontal line.

Edwin L. Reed
Deputy Director - Administration